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TAGS: [EAID](#) [PREL](#) [PGOV](#) [ETRD](#) [ECON](#) [KMCA](#) [MCC](#) [PA](#)
SUBJECT: PARAGUAY: MCC COUNTRY SELECTION AND DELIVERY OF
INDICATOR SCORECARDS TO CANDIDATE COUNTRIES

REF: STATE 160008

¶1. (SBU) The USAID director delivered the MCC Scorecard and talking points to Minister Carlos Walde, President Duarte,s Economic Advisor on Wednesday, October 4. Paraguay,s "performance" against the MCA median on each of the indicator areas related to ruling justly, economic freedom, and investing in people, did not shift markedly from the two previous years, with the exception of the country,s improvement in "government effectiveness" and its drop in the all-important "control of corruption" indicator.

¶2. (SBU) While Walde was pleased to see the improvement on "government effectiveness," he was more seized with Paraguay,s performance on "control of corruption," echoing his reaction two weeks earlier upon review of Paraguay,s results on the World Bank,s Governance index (which also serves as the base data for the MCC,s corruption index). Paraguay continues to rank near the bottom in terms of perceived ability to control corruption - a key indicator not only for MCA Compact eligibility, but an important ongoing factor that foreign investors will always gauge before making business decisions.

¶3. (SBU) It was largely in recognition of Paraguay,s declared commitment to address head-on systemic corruption problems, and generally promising performance in other MCA areas, that the country was selected to receive MCA Threshold Country Program assistance. USAID, in cooperation with more than 20 Government of Paraguay (GOP) institutions, civil society, and the private sector, rapidly began implementation this summer of the ten component USD 34.5 million MCA program to combat corruption, via the strengthening of public systems and institutions to combat impunity, and by promoting business formalization.

¶4. (SBU) Even though the MCA program has just begun in Paraguay, the latest MCA indicator data, as well as the country,s slipping standings in other respected global competitiveness rankings, have clearly caught the attention of Walde and other senior GOP officials. This continued attention and their continued commitment are essential if Paraguay is to achieve by 2008 the hard performance targets of the MCA Threshold program.

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